GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1608
ANSWERED ON:02.12.2005
RECOVERY OF LOALN
Dhindsa Shri Sukhdev Singh;Kaushal Shri Raghuvir Singh;Reddy Shri Mekapati Rajamohan

Will the Minister of FINANCE be pleased to state:

(a) whether a bench situated at Chennai of State Consumer Commission has imposed a fine of Rs. 20 lakh on Standard Chartered Bank and have directed to the Reserve Bank of India that the licenses of those Banks should be cancelled who are involved in recovering their dues through the rented goons;

(b) if so, the details thereof;

(c) whether the Government has extended the rights to the banks to recover their dues through the help of goons (local criminal elements); and

(d) if so, whether the Government propose to put up a ban on the open use of criminal elements by the Financial Institutions of the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIS.S. PALANMANICKAM)

(a) & (b) : Yes, Sir. The State Consumer Disputes Redressal Commission, Chennai had ordered Standard Chartered Bank (SCB) to pay the complainants a compensation of Rs. 20 lakh with a cost of Rs. 5000/- on the alleged harassment. The Commission had mentioned in the order that `it is high time the Reserve Bank of India takes strong note of it and come down severely upon such banks. We would even suggest that they do not hesitate to cancel the license of such bank...`

(c) No, Sir.

(d) RBI and IBA have, from time to time, issued guidelines to banks / NBFCs to ensure that their agents should not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude the privacy of the borrowers.